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Labor Unions in the American Economy

"Labor Unions in the American Economy" is the topic of a roundtable discussion sponsored by the University of Oregon Radio Forum Committee, of which W. J. ROBERT, *associate professor of business administration, is chairman. The discussion was transcribed and is being released currently over a number of Oregon radio stations. A slightly cut and edited version is published below.*

Participants in the forum were: EVERETT G. KASSALOW, *associate director of Research, Congress of Industrial Organizations, Washington, D. C.,* W. C. BALLAINE, *professor of business administration (moderator), and* MR. ROBERT.

BALLAINE: To the general public the word labor is often interpreted as including only union members, but part of our labor isn't organized. Just how large a portion of our labor force belongs to unions, Mr. Kassalow?

KASSALOW: Well, let's start with the entire labor force to get the perspective on the organized part of it. There are about 62 million people employed at the present time. Of these, perhaps 7 or 8 million are in agriculture, leaving 54 million or so who are in nonagricultural work—mining, manufacturing, transportation, etc. Taking out another 6 million or so people who are self-employed leaves a wage and salary force of about 48 million people. Of those, perhaps 6 or 7 million are in more or less supervisory positions so we have an organizable wage and salary force, as you might put it, of 40 or 42 million people. There are about 16 or 17 million union members at the present time, or roughly 40 per cent of that organizable labor force.

BALLAINE: Do you think that percentage can ever be substantially increased?

KASSALOW: I think it can be increased as time goes on. Remember, it was not many years ago when it was only 10 per cent or so. However, I do not look for a time when we will have 80 or 90 per cent of it organized. There are too many small shops with one employee and too many out of the way operations, portable saw mills, for example, that are practically unorganizable because of the investment it would take in terms of money and manpower. It would just not be worthwhile or feasible. I can see where we might raise the total to 25 or 26 million organized workers but even that does not appear to be too near.

ROBERT: How is membership divided among the major union groups?

KASSALOW: It's difficult to get precise figures: roughly, I would say 10 million in the A.F. of L., 6 million in the C.I.O., and close to another million in unions that are not affiliated with either the A.F. of L. or the C.I.O., principally the United Mine Workers of America and a number of the operating railway unions.

BALLAINE: Why do we have unions in our Western industrial society?

KASSALOW: This is one of those questions on which we could spend our whole period. It is put every once in a while to a labor leader; and ordinarily, I might say, he doesn't reflect upon such things as this. Like everyone else he goes about his business and tries to get the best he can for the members he represents. But, leaning back and trying to place the labor union in Western industrial society, I believe the typical union person who has thought about this, or the labor economist, will tell you that it performs essentially a representational function. The very nature of industrial society tends to isolate the individual. Regardless of whether he is working for a good employer or a bad employer, he's pretty much a loose atom in the industrial system with no ability to influence his own economic future or to share in the decision making which affects his wages or his working conditions.

BALLAINE: Then it involves something more than wages?

KASSALOW: I would say that basically unionism springs out of the need to re-integrate this worker into his economic life. In other words, it provides a representational system, a system whereby he can share in the decision making affecting him. This is done through the processes which we know as collective bargaining. The union is formed, then goes to the employer, and between them they bargain over wages, hours, and working conditions. Without this kind of institution, without some means of participating in this decision-making process in economic life, I think the typical industrial worker would tend to feel a little alienated, as the psychologist might say, or outside of the basic economic life of his time; and I think this would affect his morale. I think he would become a bad producer and even a bad citizen. So unionism arises in the West to fill this void and attach the worker to his industrial society.

BALLAINE: You would then define unions as being broad social institutions rather than simply economic agencies?

KASSALOW: That's right. Let me make this point, about which I feel strongly. Without unions I believe our democratic way of life, at least in the industrial West, would be incomplete—because, if a man is working for eight hours of his day, or let's say half of his waking time, and he's not sharing in other than the physical act of working, if he's not sharing in the sense of being able to influence his own conditions and his own economic future, he can't be for long a good part of that economic society or of political society either.

ROBERT: Mr. Kassalow, do you think that union leadership today reflects the thinking of the rank and file of the members, that it is substantially guided by what the rank and file members want? Or, do the union leaders do the thinking and suggest to the members what is best for them because they're better trained to know?

KASSALOW: Well, this is a difficult question to answer, but I would say this. Once in a while we get a test as to whether or not the membership is being dominated or led around by the nose. When Congress passed the Taft-Hartley Act, it included a provision with reference to the right of a union to bargain for the union shop. A union shop is

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Research Essential Aspect Of Expanding Economy*

By GORDON M. SHRUM
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About 10,000 B.C. the population of the world was estimated to be about one million, mostly hunters. According to the best estimates, by the year 1 A.D. it had increased to about 275 million. Curiously enough, the population remained fairly constant until about 700 A.D., when it started to increase gradually. This gradual trend continued until about 1650, when the tempo began to rise in an explosive manner which has continued ever since.

We do not know why this sudden change took place. The explanation is probably buried deep in the pattern of human behavior. It took place simultaneously in the Mediterranean Basin and in China—two parts of the world where conditions were quite different. The first known doubling of the world's population took 950 years (from 700 to about 1650). It took 200 years (1650 to 1850) for the second doubling, and only 100 years (1850 to 1950) for the third. It is estimated that the next doubling will take only 85 years. This is, in many respects, quite a serious problem and there are few countries doing anything about it; in fact, there is not much that can be done about it. The three known ways of controlling population are (1) through war, famine, and pestilence (this is neither an attractive nor a very effective method); (2) by immigration (it is rather late for countries to control their population by immigration); and (3) by birth control. As you know, Nehru has appropriated about $1,300,000 during his first five-year plan to investigate methods of controlling the birth rate in India. He hopes to reduce it from 40 to 20 per thousand per year.

The country in Europe with the highest increase in population is Russia. Russia seems to have set out on a deliberate policy of increasing her population. Women who produce a large number of children are given grants in aid, titles, and prestige. It is reputed a woman can become a Heroine Mother of the U.S.S.R. by producing ten or more children.

Reduction of the death rate also affects population growth. This is where science and scientists are contributing to world population problems. One could take Japan as an example, where during the first three years of occupation the death rate was reduced by a factor of three. Ceylon is another outstanding example where, in two years after the war, the death rate was reduced from 20 to 13 per thousand by the use of DDT. But the classic and outstanding example of all is down in British Guiana, where the infant mortality has been reduced from 350 to 65 per 1,000. There are villages there where the population is doubling every seven years, mainly by use of DDT in controlling insects.

In the world as a whole population is increasing at what I think is an alarming rate. During the time required to read this article, the net increase of births over deaths will be about 2,500. This means that every morning for breakfast the world has 60,000 extra mouths to feed. This is serious; in a country like India, a distinguished Indian speaker in Vancouver said recently, eight out of ten children even at the present time go to bed hungry at night.

In the United States, it is estimated that by 1975 the population will be 200 million and that by the year 2,000 it will be 300 million. I emphasize this increase in United States and world populations because I think that, when we are talking about an expanding economy, we should bear in mind that we have not only an expanding economy but we have superimposed upon it a greatly expanding population. This double expansion gives our economy a dynamic potential not known in any other part of the world. Our economy must not only make provision for increasing our standard of living but, at the same time, provide for a great increase in the number of people who are to enjoy this improved standard.

This great population growth will affect our industrial production in a very profound way. It will increase the use of natural resources, and it will affect the consumption of power or energy. Unfortunately, the world situation so far as energy is concerned is not too good. There are, as you know, two kinds of energy. There is that which is renewable and there is fossil energy. Of the renewable energy, which is about 28 per cent of what we use, 21 per cent comes from agriculture, 6 per cent from wood, and 1 per cent from hydroelectric power. We spend a great deal of time here in the Pacific Northwest and in Canada worrying about impounding water for our great hydroelectric power developments; but, so far as the world as a whole is concerned, water supplies only 1 per cent of the total energy used. Of the 72 per cent of our energy which comes from fossils, we get about 41 per cent from coal, 25 per cent from oil, and about 6 per cent from natural gas. If, as businessmen, you were drawing for current expenditures 28 per cent only from what you were earning and 72 per cent from your capital reserves, you would say that it was not a very healthy situation. Well, this is the way a scientist looks at the world energy picture. It does not look very healthy unless our reserves are very, very extensive.

Let us take a look for a moment at our reserves of fossil energy. When I was a student my professor used to say there was enough coal to last 2,000 years; but, even so, I remember him pounding his fist on the desk and saying, "I wouldn't want to be living when they were taking the last ton of coal out of the ground." Now we are not so certain that there is enough to last 2,000 years. I have heard estimates of 300 years. In any case, so far as the United States is concerned, one-half of all the coal that has been used in this country has been burned since 1920. I think it is obvious that our reserves of coal, although they are substantial, are still not by any means unlimited. As the reserves become depleted it will, of course, become more expensive to mine the coal.

* This article is based on an address to the Pacific Northwest Trade Association meeting on Oct. 12, 1954 at Wenatchee, Wash. The full text of Dr. Shrum's talk may be found in the PNTA *Proceedings*.

What is the situation so far as oil and gas are concerned? I am not a geologist, and I know there is a good deal of difference of opinion on this: but the best-informed sources seem to believe that the United States by 1975 will be producing oil from coal or some other source other than pumping it out of the ground, and that the maximum production of oil and gas is going to take place during the period 1955 to 1960. It is estimated that, of all the oil and gas that has been used in the United States, one-half has been burned since 1940. This gives some idea of the rate of increase of consumption of these energy sources.

It is because the reserves picture is not very bright that scientists are interested in some new source of energy and are very hopeful about getting it from atoms, by either fission or fusion processes. This is possible, but the development must be economically sound. The economics of the plan will, of course, become more attractive as the other sources of energy become exhausted. It is estimated that the total energy reserves from uranium and thorium are about 25 times our coal reserves: so, if we have enough coal to last 300 years, we have enough uranium and thorium to extend that to 7,500 years. The reserves of nuclear energy are equivalent to about one hundered times all the recoverable gas and oil in the ground.

At the present time, the Atomic Energy Commission of the United States, instead of producing power, is the greatest consumer of electric power of any industry in the country. We shall need a large development just to replace the electric power which is now being put into atomic-energy plants. It will also require a tremendous effort on the part of industry to supply the materials necessary for the projected atomic-energy power plants. The expenditure on research and development in this field now is running at the rate of about $1 billion a year. The total investment in atomic energy in this country is already greater than the capital investment of United States Steel and General Motors combined.

When it comes to scientific research, I feel that industry in the Pacific Northwest, including British Columbia, is not very research-minded. This applies particularly to our primary industries, where there has been too little attention paid to the applications of science. It would be well to take a look at some of the large eastern corporations like the General Electric Co., Dow Chemical, the Bell Telephone Laboratories, or DuPont. DuPont in 1950 spent $35 million on research and in 1954 they will spend $57 million. They estimate that twenty years hence 60 per cent of sales will come from products practically unknown today. I think that industry in this part of the continent should follow the example of some of the eastern firms, and put more vigor and imagination into the development of the natural resources of this area.

There are many ways in which research can be applied to the development of natural resources. I have not space to give specific cases, but I would like to point out that sometimes science is asked to help in unusual ways. At the British Columbia Research Council a few weeks ago we received an enquiry from someone who wanted to know how to produce smoke. It developed that the enquiry came from the Capilano Indians, who had heard that the Duke of Edinburgh was coming to Vancouver and they wanted to put up a welcome for him in smoke signals. Unfortunately, they had forgotten how to produce smoke!

I would like to say something about the application of science to the preservation of our natural resources and the elimination of waste. Lumber is a very important industry in this part of the world. Unfortunately, trees are no longer available from the level plains but must be harvested from the sides of mountains. This makes logging an expensive business. First, let us consider a tree starting its growth on the side of a mountain. It has 30 per cent chance of being burned up in a forest fire before it matures. If it survives fires, it still has to withstand attacks of insects such as the spruce bud worm and hemlock looper. The logger must not only spend money cutting the trees but must also pay high stumpage rates to the government. When the log finally gets to the water and into a boom it may be lost in a storm or the boom may become infested with teredos. It is a very expensive and hazardous business. When the log arrives at the sawmill, 35 per cent of it is chewed up into sawdust. Now it almost seems incredible that, at the end of this long and expensive period of growth and production, so much of the log should be reduced to sawdust. It is true that more and more sawdust is finding some useful end but a great deal of it is still wasted. There must be some way of reducing kerf losses if scientists would only concentrate on the problem sufficiently.

If the log goes to a pulp mill, instead of wasting a large fraction as sawdust, about 30 per cent is discarded in the form of lignin. Lignin is a very complex organic substance, so complex that the scientists still do not know its structure. The lignin is not merely wasted; it is flushed out into the streams and rivers to pollute the water and kill fish.

In this one example, one can see clearly the importance of research in the development of a natural resource. I sometimes think we spend too much time worrying about where we are going to get the trees in the future. With the present system of sustained yield, it is quite possible that our problem in the future will be to find a market for the ordinary crude lumber that we sell at the present time.

I looked forward to a large petrochemical industry in the Pacific Northwest. For those who are skeptical about this, I would suggest that you bear in mind that the petrochemical industry in the United States has doubled every five years since 1949. Petroleum is becoming more and more important as a source of raw material for chemical substances. In fact at the present time, one-quarter of all the organic and inorganic chemicals produced in the United States comes from petroleum. It is interesting to note that synthetic alcohol is now being made from petroleum. This is useful, because it means that grain which would normally be used for the production of alcohol can be used for human consumption. It has been stated that in the United States 10 million horses have been eliminated since 1923 by the introduction of internal combustion engines. The feed for these horses would provide food for about 40 million people, especially if they happened to be Scotsmen accustomed to a staple diet of oatmeal. I sometimes think that, if one could eliminate just a few thousand of the slower thoroughbreds, many of us would eat better.

I haven't much time to say anything about the operation of research organizations. There are too many scientists who take the attitude that one cannot go wrong in spending money on research. This is not true. Research is no longer a hobby for a few outstanding scientists. It is business, and in many ways it is big business. My suggestion to

industrialists is that they should spend more money on research but, at the same time, they should see that they get good value for their expenditures.

Because of cooperation between business, industry, and science, our standard of living has been going up about 2 per cent per year. There is a general impression that the only limitation to this will be imposed by the extent of our natural resources. I am not so certain that this is the case. I think there is a very good possibility that the limitation will be on the human side. Back in 1900 there was about one scientist or engineer for 250 employees: today that ratio is more like one scientist or engineer to seven employees. I believe that at the Boeing Aircraft Co. the ratio is as low as one to five. This problem of the supply of scientists and engineers is a very serious one, especially for defense activity. As you know, it takes an incredible number of scientists and engineers to develop a guided missile that can travel 3,000 miles at 4,000 or 5,000 miles per hour. We shall need missiles like this shortly, and it will be difficult to find enough scientists and engineers to design and manufacture them. According to press reports, the Russians, who have been far behind us technically, are gaining ground rapidly. At present they are producing more scientists and engineers than we are on this continent. According to the Harvard Research Center, about one student in four in Russia is an engineering student, whereas at the University of British Columbia, the ratio is only about one in eight. This is a problem that we have to think about very seriously, because in our communities generally there is not one student out of five in the high schools who has the motivation, stability, and mathematical ability to become an engineer or a scientist. This is going to be one of our problems in the near future: in our modern factories, scientists and engineers will be in relatively greater demand than white-collar workers and laborers.

I am concerned, too, about the attitude of people generally toward science. In Canada and the United States there is evidence of a certain element of antiscience or anti-intellectualism. When I was a student we called our professors "highbrows" or "long hairs." Now the students refer to us as "egg heads." In fact, the other day I was particularly annoyed when I saw a reference to a scientist as a "soft-boiled egg head." In Canada recently a young girl swam across Lake Ontario. This was, no doubt, quite a feat—it required a certain amount of courage and skill. For her effort she has been showered with automobiles, a $50,000 cash prize, and almost unlimited public adulation. I have many girls on the staff in our Research Council who are probably just as good looking, and I cannot even get an extra $1,000 to increase their salaries. But it is amazing how the Canadian people have become hero worshippers of this little sixteen-year-old swimmer.

In Canada this year we have had a near catastrophe; the wheat crop on the prairies has been a failure, partly due to rust. The loss to Canadian farmers from rust this year will be at least $100 million. Fortunately, some Canadian scientists have developed a new strain of wheat known as Selkirk which is resistant to this year's strain of rust. There will not be enough seed available next year for all the prairie; but there will be enough for the most severely affected areas. Very few Canadians can name the man who developed Selkirk wheat. Surely this long and tedious research program took just as much courage and far more skill than swimming Lake Ontario, and it must be of far greater significance and importance to Canadians and our Canadian economy. In fact, the rust problem must be solved if the prairies are going to remain as wheat-producing areas.

I want to close by saying that I believe science will continue to capture the hope and imagination of the peoples of the world and will play an ever-increasing role in shaping the pattern of our expanding economy. Scientists are sometimes blamed for producing the weapons of mass destruction. Dr. Conant, when he was the President of Harvard University, put it very well. He said, "It would be difficult to imagine a world in which penicillin was possible and an atomic bomb was not possible."

Labor Unions in the American Economy

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an arrangement whereby one of the conditions of employment is that the workers are required to join the union.

BALLAINE: The employer still gets to hire whom he wants but the worker then must join the union?

KASSALOW: That's right. The Taft-Hartley Act said that, before a union had the right to bargain or request the union shop (and this did not mean that the employer would grant it to them), an election had to be held at the plant. In this election the union had to get an absolute majority of the employees in the plant, not of those merely voting in the election; but an absolute majority of all the employees in the plant had to vote affirmatively to authorize the union to bargain for the union shop. This was a very unusual kind of democratic procedure, and we do not have anything like it in our regular democratic institutions. In the next three or four years a large number of elections ensued; literally millions of votes were cast as unions sought to get this authorizing power. What were the results in these elections conducted by the government? Close to 90 per cent of the ballots were cast in favor of authorizing the unions to bargain for the union shop. These were secret elections: and it strikes me that this is a kind of a general vote of confidence on the part of the union membership in the unions and the union leadership.

ROBERT: That would also tend to prove that this aspect of the Taft-Hartley Act had not particularly hurt the unions.

KASSALOW: That is right.

ROBERT: And that they should have been proud of the showing they made and glad to have a chance to show their strength.

KASSALOW: They were indeed. In fact, they were somewhat unhappy when this particular provision was repealed.

BALLAINE: The mere mention of Taft-Hartley seems to put most labor leaders into something of a tizzy. Just why do they dislike Taft-Hartley so much?

KASSALOW: I think the provision I just cited, which was one of the least objectionable and one of the few that has been repealed, gives you an idea of the basic philosophy and spirit of the Taft-Hartley Act. We do not believe the act was conceived in the spirit of encouraging and strengthening collective bargaining and helping to make unions and management more responsible. We think that there are some very bad features. Let me give one example. There

is a provision which creates this sort of a situation: The union and management bargain in a legitimate fashion until they have an honest disagreement which they cannot resolve, and either management locks out the workers or the union strikes to enforce its demand against management. It's a perfectly legal strike. Let's say the union wants a 10 cent wage increase and the employer says he doesn't think he should pay it. In the course of that strike, which might run three or four months, the management brings in scabs —people who pass through the picket line—and employs them. Let's say there might have been 3,000 workers employed and management brings in 500 to 1,000 nonunion workers. These new people in a very short time can request an election to decertify the union. Here, the men are striking for their legitimate rights, it's an honest disagreement; and it's not an actual emergency or anything like that, but in comes the scab group and they can petition for decertification of the union. This means an election will be held in which the scabs, not, mind you, the strikers, but only the men who have been brought in will be allowed to vote on this particular question. This feature or phase of the law, for example, was a subject of an editorial in a conservative magazine, *Business Week*, which pointed out that, if we get into a serious economic downturn and there are thousands or millions of workers unemployed, many managements would have a special incentive almost to force a strike, take a chance on hiring new workers, and then use this as a device to break the union.

ROBERT: I think that there is an unwarranted assumption that management is always out to break the union.

KASSALOW: I didn't say always, but there might be some such managements; and *Business Week* is willing to concede that this is a very serious and real danger. It grows directly out of a provision of the Taft-Hartley Act.

ROBERTS I think that's where a lot of the trouble lies. We aren't able to realize that management is after all possibly just as enlightened as labor is.

KASSALOW: Even if what you say were ture, I would still believe there are a substantial number of individual managements that are not reconciled to unionism, and this would be particularly the case in an economic downturn or depression. The incentive to get rid of the union might seem greater at that time. Remember, we have been through this thing within the last thirty years. We had tremendous attacks on unions in the 1920s, all kinds of devices to undermine organization, and this is still in the memories of many union leaders.

BALLAINE: As I recall, both Senator Taft and the present administration recommended the repeal of the particular provision you mentioned.

KASSALOW: That is right; but this is, as I say, just an example of the kind of thing that bothers us.

ROBERT: We hear a lot about collective bargaining which sounds like ordinary contractural negotiations that take place every day with all of us to some extent. In order to have successful collective bargaining, we have to have somewhat equal responsibility on each side of the table, wouldn't you say, Mr. Kassalow?

KASSALOW: Without responsible leadership and responsible conduct, collective bargaining will soon break down.

ROBERT: It will not result in a contract that amounts to anything.

KASSALOW: The contract may look good on paper but it will not be observed very well.

ROBERT: That's right. Now, if the Taft-Hartley Act were to attempt to get an equalization on both sides of the table, I suppose everyone would agree it was a good law.

KASSALOW: If that could have been proven necessary when it was enacted, and if the law had accomplished that, which I don't think it did, I suppose it would almost, *ipso facto*, be a good law.

ROBERT: Yes, that aim we would all agree would be desirable.

BALLAINE: It's a matter of judgement. Mr. Robert, you have spoken of collective bargaining resulting in a contract between the union and management. Is that the same as an ordinary commercial contract?

ROBERT: I would say that in some ways it is and in other ways it isn't. After all, a union is not a corporate body which can be held accountable in the same way that a corporation or partnership could be; a union is just a group of individuals, and basically those individuals who participate in a particular union action are accountable and the others aren't and it's pretty hard to get at them.

BALLAINE: It is not a matter of a subcontractor making a delivery, then, or something of that nature?

ROBERT: It is very much different.

KASSALOW: This really gets back to the point we were mentioning earlier, Mr. Robert; namely, the contract, while it is important, is only a set of working rules.

ROBERT: I will agree with that.

KASSALOW: And that is why it does not have the same legal standing. Unless both parties are living up to the responsibility in the day to day administration of their relationship, the contract will not be successful.

ROBERT: That is true in the commercial world too, of course.

KASSALOW: Except that you can technically comply with a labor contract and still make life miserable either for the union or the employer. With a commercial contract, you deliver a carload of wood or you do not deliver it and there is a quick and easy equity remedy; but, in the case of the union-management agreement, this is not necessarily the case. You can technically live up to the points, but the agreement is such a bare skeleton that it is in the day to day filling out of the operation by the settlement of grievances on the job, the willingness to accpt new machinery, and similar kinds of things that make the relationship.

BALLAINE: Mr Kassalow, you mentioned the introduction of new machinery. The general public has a good deal of question about the attitude of unions in accepting new technological improvements which will throw some of their members out of work.

KASSALOW: That is a good question. I feel particularly interested in it because we in Washington, where I have my headquarters, have many opportunities to talk to European trade unions, and one of the things that government people often ask us to do is to try to make the typical European trade union understand the value of changing and advancing technology. Some of you may have a feeling that there is resistance to the introduction of new machinery in the United States, and I suppose there is to some extent. There is always the fear it will displace workers. But, by and large, you will find that the American labor force is almost the only one in the world which has a general phil-

osophy of accepting technological change. This does not mean that, when a special machine comes into a plant, workers are not frequently unhappy and may even resist it for a while.

BALLAINE: If I might lose my job, I would not like it.

KASSALOW: There is that tendency, but philosophically I think that you will find that, among American workers, there is much greater receptivity to industrial and technological change than you will find among almost any other group of workers in the world.

BALLAINE: They are proud of new developments.

KASSALOW: That's stating it too strongly, because there is always some fear; but there is not terrible resistance or refusal to let the machine come into the plant. American workers try to make their adjustments as they go along, and will attempt to have agreements with management that new machinery will be introduced slowly and that workers who are laid off as a result will have special priority for reemployment elsewhere. We have a rate of productivity increase which far exceeds any other country in the world. I think this grows out of labor and management's acceptance of these changes.

ROBERT: You would say, then, Mr. Kassalow, that the unions aren't worried about overproduction?

KASSALOW: Do not overstate this case. I merely say that they do not throw up a stone wall in front of the plant. But I would be less than honest with you about the typical worker, especially if he's not a youngster of 25 or 30, and if he can remember the depression of the 1930s, if I did not tell you that long-continued unemployment is something that haunts him continually. It is a ghost that's hard to kill and it frequently accounts for many union actions that you otherwise cannot understand. Sometimes there will be resistance to technological change or an attempt to institute almost a make-work rule. This, I think, arises primarily from the recollection of insecurity of the 1930s. We're breaking it down slowly, but the typical worker does not feel yet that he has basic full-employment security.

ROBERT: I suppose the fact that your organization has economic experts like yourself trying to educate the workers should go a long way toward alleviating that problem.

KASSALOW: That's quite true, I hope. I would say that it is reflected in a way in the basic philosophy which we have tried to think through, with and for our members, and which they have developed with us—it's not something that is imposed. It runs something like this: The only kind of economic system which will satisfactorily meet the needs of the American people, and this includes union members, management, all of us, is what we call a progressively expanding economy. Each year our labor force is growing; so that we need more jobs just to take care of the 700,000 or 800,000 youngsters who are being added to the labor force each year. Each year technology is advancing. We have a higher and higher rate of productivity, so that, if 62 million people could produce $370 billion worth of goods in 1953, chances are that 60 million people could produce the same amount of goods in 1954. There are 2 million people who will be displaced unless our economy grows and expands, which means it's got to advance each year to absorb the increase of productivity and to absorb the increase in the labor force. That philosophy you can fit in neatly with technological change because, if you have new jobs opening up and new markets being created, there will not be the pressure against technological change and against new machines.

BALLAINE: Mr. Kassalow, you are a consultant in labor activities with the Foreign Operations Administration. Just what is the role of organized labor in international affairs?

KASSALOW: It has many facets. Let me say that it goes back quite a few years. Samuel Gompers, the first president of the American Federation of Labor, helped, for example, to form the International Labor Organization, which is one of the institutions of the League of Nations which has survived in the United Nations. He also participated in some of the international trade union work before World War I and shortly thereafter. In the current phase, labor's international activities have profound significance and importance for the whole of American foreing policy. Obviously, the struggle with Communism is a world-wide one. But we find from long experience that the Communists are tending to concentrate a great deal of their energy and their activity in trying to promote, agitate, and propagandize for Communist-dominated types of unions and Communist-dominated types of labor parties.

BALLAINE: You're trying to enter into those areas with free unions?

KASSALOW: That's right; in Asia, in Africa, and in South America. We have banded ourselves together, so to speak, with the free unions throughout the world and formed an organization called the International Confederation of Free Trade Unions—along with us are the British, the Germans, the Dutch, the Belgians, and the Italians. In and through this organization we attempt to send out workers or establish schools, in Ceylon and India, for example. As the workers and the farmers or peasants in these countries are making their first striving and gropings towards freedom, liberty, and some kind of self expression, we try to help stir them along the path of free democratic union organization as we know it in the West. We do not expect their unions to be precisely like ours; but we are hoping that, if they are taught how to organize and conduct their own union meetings and how to bargain collectively, these people will choose the democratic way rather than follow into the influence of the Communists. We are fighting day and night, but enormous resources are also flowing out of the Soviet Union and China. I was told recently of one Far Eastern country where from 4,000 to 5,000 people, in the last couple of years, have been sent to Peiping for training for six months or a year.

BALLAINE: Where does your organization get its money?

KASSALOW: From the dues of members.

BALLAINE: And then you contribute to this world organization of trade association?

KASSALOW: That's right, and all the other organizations, too. I might say that the agency which you mentioned, the Foreign Operations Administration, is the successor to the Mutual Security Administration, which you may remember as the organization set up to administer the Marshall Plan. It has a technical-assistance program, the so-called Point Four Program, of assisting some colonial and newly liberated areas. As part of that assistance we hope to bring to them know-how and technique in organizing free unions.

ROBERT: Are there union people other than yourself connected with the organization?

KASSALOW: Yes. Basically its personnel is recruited from the American labor movement because these are the

people who presumably have the experience and know-how. This was a program that was begun with the establishment of the Marshall Plan and the European Recovery Administration. We hope this program will grow and be strengthened in time.

ROBERT: You would be teaching these people that they are part of the productive program of their country and that they have a responsibility, and it's just not to be mad at their employer or something like that?

KASSALOW: Responsibility, opportunity, and a right to share and participate. Teaching may be a strong word: perhaps it should be guiding, helping, assisting, or being on the ground when needed. It is a slow and a difficult process. The Communist agitator who promises the world tomorrow has many, many advantages over us. He points to America and says that there are still racial problems in America, and this carries a great deal of weight in the Far East. These are the kinds of things we try to control: and our government has found, I think, that labor people will frequently be more readily accepted in the countries which are stirring than some other groups in society. Especially is this true for this kind of assistance.

ROBERT: It seems like an excellent program, don't you think, Dr. Ballaine?

BALLAINE: Yes. It certainly seems to me very interesting that the two major labor groups in the United States are, I suppose, making the major contribution to the financing of this Confederation of Free Trade Unions.

KASSALOW: That's right. The A.F. of L. and the C.I.O. have substantial resources; they have financed the private organization of the trade unions and have also recommended some of their best personnel to help staff the government agency which is working in a somewhat limited fashion in this field.

ROBERT: I suppose in those foreign countries there is a good deal of resistance on the part of the workers to using new machines and industrial techniques, and you people can help to adjust them to that in some ways.

KASSALOW: The problem is not so much new machines as adjustment in adapting to the new societies that are emerging. It is not only in industry that the Communists are making their drives but also on the land, where they are trying to organize the tenants and peasants. Here too we work and try to explain that the only safe road for any group of people is their own road of economy and self-government, and that involves the formation of their own democratic trade unions which will not be dominated by Communists, who, of course, always use unions for their own nefarious political ends and give them no freedom or life of their own. This program goes forward slowly; we are hopeful to make more progress in this year to come.

BALLAINE: Mr. Robert, don't you think we have discussed a number of very interesting aspects of the American labor movement with Mr. Kassalow?

ROBERT: We're very fortunate to have had a chance to do so.

OREGON POPULATION ESTIMATES – JULY 1, 1954

The vital statistics section of the Oregon State Board of Health has prepared a population estimate by counties of Oregon as of July 1, 1954. The method used in the computation of these estimates is based on the excess of resident births over resident deaths, plus or minus estimated migration into or out of the area. Birth and death figures are based on vital statistics filed with the Board of Health. The estimated migrations for each area is based primarily on a formula involving elementary-school enrollment, prepared by the U. S. Bureau of the Census.

	Estimated Population July 1, 1954	*Fed. Census Apr. 1, 1950*	*Per Cent Change Apr. 1, 1950 to July 1, 1954*	*Per Cent Change July 1, 1953 to July 1, 1954*	*Natural Increase Apr. 1, 1950 to July 1, 1954*	*Migration Apr. 1, 1950 to July 1, 1954*
Baker	15,460	16,175	— 4.4	— 0.8	779	— 1,490
Benton	34,370	31,570	+ 8.9	— 1.7	2,440	+ 365
Clackamas	92,890	86,716	+ 7.1	+ 1.0	5,720	+ 455
Clatsop	30,960	30,776	+ 0.6	— 1.8	2,067	— 1,683
Columbia	22,160	22,967	— 2.2	+ 3.4	1,298	— 1,805
Coos	54,310	42,265	+28.5	+ 4.2	3,930	+ 8,117
Crook	9,220	8,991	+ 2.5	+ 1.9	867	— 640
Curry	9,530	6,018	+57.6	+13.8	511	+ 2,910
Deschutes	21,770	21,812	— 0.2	+ 7.2	1,375	— 1,417
Douglas	68,090	51,519	+24.8	+ 3.2	5,496	+ 8,047
Gilliam	3,230	2,817	+14.7	+ 5.6	231	+ 182
Grant	9,270	8,329	+11.3	+ 7.2	718	+ 220
Harney	6,650	6,113	+ 8.7	+ 7.9	508	+ 25
Hood River	13,080	12,740	+ 2.6	+ 5.8	872	— 536
Jackson	61,740	58,516	+10.6	+ 2.7	3,590	+ 2,643
Jefferson	5,890	5,536	+ 6.4	+ 0.1	622	— 267
Josephine	29,680	26,542	+11.8	+ 1.7	1,526	+ 1,617
Klamath	42,970	42,150	+ 1.9	+ 2.0	3,128	— 2,309
Lake	7,010	6,619	+ 5.4	+ 6.3	511	— 154
Lane	145,710	125,776	+15.8	+ 0.7	11,519	+ 8,416
Lincoln	23,390	21,308	+ 9.8	+ 0.8	1,127	+ 652
Linn	60,090	54,317	+10.6	+ 2.6	4,453	+ 1,322
Malheur	23,550	23,223	+ 1.4	+ 5.1	1,967	— 1,641
Marion	104,530	101,101	+ 3.1	— 0.2	5,893	— 2,761
Morrow	4,820	4,783	+ 0.7	— 1.1	279	— 246
Multnomah (outside Portland)	115,320	97,909	+17.8	+ 1.1	8,172	+ 9,214
Portland	398,690	373,628	+ 6.7	+ 1.5	15,298	+ 9,763
Polk	21,150	26,317	— 8.2	— 1.8	1,728	— 3,894
Sherman	2,320	2,271	+ 2.0	+ 7.6	108	— 63
Tillamook	20,550	18,606	+10.4	— 5.1	1,885	+ 60
Umatilla	43,320	41,703	+ 3.9	— 9.0	3,203	— 1,585
Union	18,070	17,962	+ 0.6	+ 0.6	876	— 771
Wallowa	6,640	7,294	— 8.6	— 1.1	491	— 1,116
Wasco	21,650	15,552	+39.2	+12.1	1,027	+ 5,073
Washington	73,170	61,269	+19.4	+ 3.8	1,832	+ 7,068
Wheeler	3,110	3,313	+ 3.8	— 1.6	304	— 179
Yamhill	31,090	33,181	— 5.4	— 2.2	1,856	— 3,651
Total	1,662,680	1,521,341	+ 9.3	+ 1.6	101,513	+ 39,798

CURRENT BUSINESS TRENDS IN OREGON

Employment. The number of nonagricultural workers employed in Oregon declined 0.5 per cent (2,400) between mid-November and mid-December 1954. The losses were scattered over nearly all industrial categories, the largest being canning and preserving (2,000) and logging and sawmills (4,200). The largest gains were in retail trade (4,100) and government (3,000). The 0.5 per cent decline compares favorably with a 1.8 per cent drop between November and December 1953. Employment this December was 1.8 per cent higher than in December a year ago. More detailed data supplied by the Oregon State Unemployment Compensation Commission follow:

	Dec. 1954	*Nov. 1954*	*Dec. 1953*
Lumber & wood products	78,800	83,100	70,000
Food & kindred products	15,800	18,000	16,800
Other manufacturing	40,200	40,900	41,800
Total manufacturing	134,800	142,000	128,600
Contract construction	21,000	22,200	20,300
Retail trade	82,600	78,500	81,000
Government	77,300	74,300	73,600
Other nonmanufacturing	143,200	144,300	144,200
Total nonmanufacturing	324,100	319,300	322,100
Total nonagricultural employment	458,900	461,300	450,700

Multnomah County Real-Estate Transactions. During December 1954 there were 957 real-estate sales amounting to $9,856,967 in Multnomah County. Of these, 680 involved residences, the sales price of which was $6,741,734; 210 were vacant properties, $607,061; and 67 were business properties, $2,508,172. Additional figures are:

	Dec. 1954	*Nov. 1954*	*Dec. 1953*
Number of sales	957	950	1,013
Value of sales	$9,856,967	$8,760,072	$8,753,279
Number of mortgages	1,216	1,173	924
Amount loaned	$10,230,771	$9,846,882	$6,913,385
Number of sheriff's deeds	5	6	5
Amount of sheriff's deeds	$38,235	$30,668	$31,250
Average residential sales price	$9,911	$9,699	$9,124

Index of Man Hours in Manufacturing. One of the most common indicators of changes of physical volume of manufacturing activity is the man hours of industrial production workers. The workers covered are only those immediately concerned with production; office personnel are excluded. This index is derived from figures supplied by the Oregon Unemployment Compensation Commission. No adjustment for seasonal variation has been made (1951 monthly average = 100).

	1953	*1954*
January	84.6	78.0
February	85.6	79.1
March	89.7	82.8
April	93.4	86.8
May	96.3	90.4
June	101.3	92.2
July	107.7	76.2
August	103.9	88.5
September	101.7	99.5
October	98.2	99.1
November	90.1	95.4
December	83.7	90.7

Lumber. Although the production of Douglas-fir mills in the Pacific Northwest declined seasonally during December 1954, orders rose. This has resulted in an optimistic attitude in the lumber market, a decline in lumber inventories, and an increase in the unfilled-order files. The comparison with a year ago is marked—production and orders were then both substantially below the levels of December 1954, and orders as well as production declined between November and December 1953. The latest statistical information for the industry, as compiled by the West Coast Lumbermen's Association, follows (all figures in thousand of feet, board measure):

	Dec. 1954	*Nov. 1954*	*Dec. 1953*
Average weekly production	192,721	202,193	168,947
Average weekly orders	209,232	185,749	174,571
Unfilled orders, end of the month	741,651	679,579	749,626
Lumber inventory, end of the month	874,616	888,192	1,077,033

BANK DEBITS

Marketing Districts	*Number of Banks Reporting*	*Debits Dec. 1954*	*Debits Nov. 1954*	*Debits Dec. 1953*	*Dec. 1954 Compared with Nov. 1954*	*Dec. 1954 Compared with Dec. 1953*
Oregon	117	$1,471,602,302	$1,344,129,924	$1,286,246,712	+ 9.5	+14.4
Portland (Portland, Hillsboro, Oregon City, etc.)	31	920,811,455	820,798,880	792,217,529	+12.2	+16.2
Lower Willamette Valley (Salem, McMinnville, etc.)	15	119,618,860	110,235,962	110,531,032	+ 8.5	+ 8.2
Upper Willamette Valley (Albany, Corvallis, Eugene, etc.)	17	137,974,780	132,633,784	119,872,414	+ 4.0	+15.1
North Oregon Coast (Astoria, Tillamook, etc.)	4	19,201,279	18,541,179	18,681,380	+ 3.5	+ 2.8
Douglas, Coos Bay	9	47,869,107	44,497,951	44,081,730	+ 7.6	+ 8.6
Southern Oregon (Ashland, Medford, Grants Pass)	6	61,764,419	57,281,277	53,373,861	+ 7.8	+15.7
Upper Columbia River (The Dalles, Hood River, etc.)	7	27,799,554	28,078,521	24,067,593	+ 1.0	+15.5
Pendleton area	6	28,837,309	26,496,535	24,045,888	+ 8.8	+19.9
Central Oregon (Bend, Prineville, Redmond)	5	25,219,799	24,442,472	24,242,589	+ 3.2	+ 4.0
Klamath Falls, Lakeview area	5	32,270,915	32,566,215	28,963,375	+ 0.9	+11.4
Baker, La Grande area	7	27,549,314	28,096,226	25,120,385	— 2.0	+ 9.7
Burns, Ontario, Nyssa	5	22,655,511	20,454,922	21,042,966	+10.8	+ 7.7

BUILDING PERMITS

	New Residential Dec. 1954	*New Non-Residential Dec. 1954*	*Additions, Alterations & Repairs Dec. 1954*	*Totals Dec. 1954*	*Totals Nov. 1954*	*Totals Dec. 1953*
Albany	$ 48,000	$	$ 16,800	$ 64,800	$ 88,200	$ 12,400
Astoria	.....	600	11,920	12,520	34,280	4,545
Baker	20,820	.....	2,900	23,720	1,400	16,700
Bend	14,500	25,300	5,667	45,467	37,550	33,181
Coos Bay	.....	850	115,989	116,839	34,000	61,725
Corvallis	34,000	33,100	13,500	80,600	98,540	31,950
Eugene	126,700	4,900	20,520	152,120	298,658	186,461
Forest Grove	26,000	.....	9,950	35,950	1,875	13,875
Grants Pass	36,300	27,090	9,230	72,620	95,410	99,835
Klamath Falls	20,000	11,400	10,220	41,620	126,458	9,000
La Grande	28,000	.....	1,250	29,250	9,020	8,425
Medford	69,500	250	19,975	89,725	121,614	68,487
Milton-Freewater	.....	.....	2,000	2,000	61,900	28,200
North Bend	.....	256,350	.....	256,350	97,200	9,213
Oregon City	.....	500	2,425	2,925	61,440	3,139
Pendleton	219,000	6,000	18,900	243,900	700,782	16,100
Portland	1,553,285	976,695	1,086,955	3,616,935	2,747,690	2,720,535
Roseburg	14,000	134,189	25,270	173,459	48,642	80,055
Salem	224,350	211,352	57,985	496,687	248,705	269,010
Springfield	28,500	16,000	4,525	49,025	107,825	74,350
The Dalles	16,052	72,875	1,350	120,277	66,409	91,770
21 other communities	186,200	41,220	29,475	256,895	333,739	192,535
Totals	$2,695,207	$1,821,671	$1,466,806	$5,983,684	$5,124,367	$4,031,812